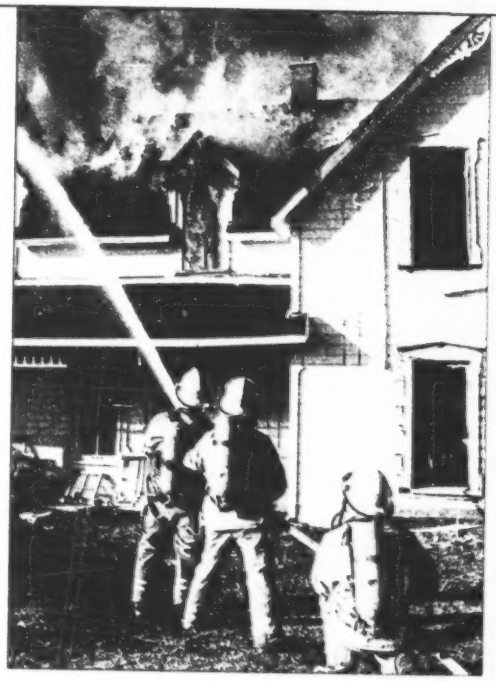
EDUCATION & TRAINING · FIRE INVESTIGATIONS · EMERGENCY SERVICES · CODES & STANDARDS · ADMINISTRATION

OFFICE *of the* FIRE COMMISSIONER

2001 2002 ANNUAL REPORT



Manitoba
Labour and
Immigration

103-01310/

Minister of Labour and Immigration

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Peter Liba
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

May it Please Your Honour:

I have the privilege of presenting the sixth Annual Report of the Office of the Fire Commissioner for the fiscal year ended March 31, 2002.

Yours truly,

Becky Barrett

BECKY BARRETT
Minister

Manitoba

Deputy Minister of Labour and Immigration

Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Becky Barrett
Minister of Labour and Immigration
Room 317 Legislative Building
Winnipeg MB R3C 0V8

I am pleased to submit for your consideration the sixth Annual Report of the Office of the Fire Commissioner for the year ended March 31, 2002.

The Board and Management continue to strive to meet the important organizational mission of safeguarding both persons and property through education, investigations, emergency response and code application.

Yours truly

Tom Farrell

TOM FARRELL
Deputy Minister and Chairperson of the OFC SOA Advisory Board

Manitoba

Labour and Immigration

Office of the
Fire Commissioner

Room 508
Norquay Building
401 York Avenue
Winnipeg MB R3C 0P8
CANADA

(204) 945-3322

Tom Farrell
Deputy Minister of Labour and Immigration
Room 311 Legislative Building
Winnipeg MB R3C 0V8

Dear Chairperson:

I am pleased to submit for your review the sixth Annual Report of the Office of the Fire Commissioner for the year ended March 31, 2002.

HIGHLIGHTS OF THE YEAR:

- tuition and contract revenues increased 19% primarily as a result of increased pre-employment enrollment revenue;
- permit revenue is down 14%. Revenue from this source is dependent on economic conditions and can fluctuate significantly from fiscal year to fiscal year;
- non-levy revenues represent 39% of revenues, up from 21% in the first year as a SOA, allowing the Office to reduce its reliance on the insurance levy;
- training was provided to over 3,000 students;
- during the year our Codes and Standards section inspected well over 3,000 buildings under construction, more than double the level of three years ago;
- fire investigators investigated over 400 fires in 2001;
- the Office participated in 13 emergency responses and five search and rescues.

The ability of the Office to continue providing these services in the future is dependent upon a resumption in the historical growth of levy revenues and the continuation of strong permit revenue. Levy revenues grew again this year, however this was more than offset by a decline in the value of building permits and increases in salary, benefits and repairs and maintenance costs.

Yours truly,

DOUG POPOWICH
Fire Commissioner

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SPECIAL OPERATING AGENCY
ADVISORY BOARD

The role of the Advisory Board is to provide advice on the Office's strategic operations and on changes to its mandate, structure, business practices and finances. The Advisory Board reviews and comments on the Offices proposed business plans, quarterly and annual reports.

The Advisory Board consists of the following individuals:

TOM FARRELL
Board Chair
Ex Officio
Deputy Minister
Manitoba Labour
and Immigration

DOUG POPOWICH
Ex Officio
Fire Commissioner
Office of the Fire Commissioner

Members

KEVIN BRISCOE
Client Representative
Halifax Insurance

DOUG DOBROWOLSKI
Association of Manitoba Municipalities
Councillor, RM of MacDonald

RICH GREGOIRE
Client Representative
Manitoba Association of Fire Chiefs

DICK HARVEY
Agency Staff Representative
Emergency Services Officer
Office of the Fire Commissioner

PETER HIEBERT
Client representative

WES SHOEMAKER
Client Representative
Fire Chief
Winnipeg Fire Department

1 AGENCY PROFILE

HISTORICAL PERSPECTIVE

The Fires Prevention Act was originally created in 1872 for the prevention of prairie fires and included the authority to conduct fire investigations. In 1885, the Act was amended to include fire protection of wooded lands. In 1876, the first Fire Commissioner was appointed. In 1940, the Fires Prevention Act was separated into two parts. Part I dealt with the forest fires and Part II outlined the responsibilities of the Fire Commissioner in the area of fire prevention. Training of firefighters became a responsibility in the early 1960s. Part I was replaced with The Wildfires Act.

The forerunner of the Buildings and Mobile Homes Act was the Manitoba Public Buildings Safe Egress Act of 1877. This was followed by the Manitoba Public Building Act in 1883. The focus of both these Acts was safe public assembly buildings and means of egress. The proliferation of building codes and standards within the Province caused the Manitoba Government to introduce the Manitoba Buildings and Mobile Homes Act in 1974. This present Act came into full force on April 1, 1977.

OUR VALUES

We believe that people have the right to live in safe communities.

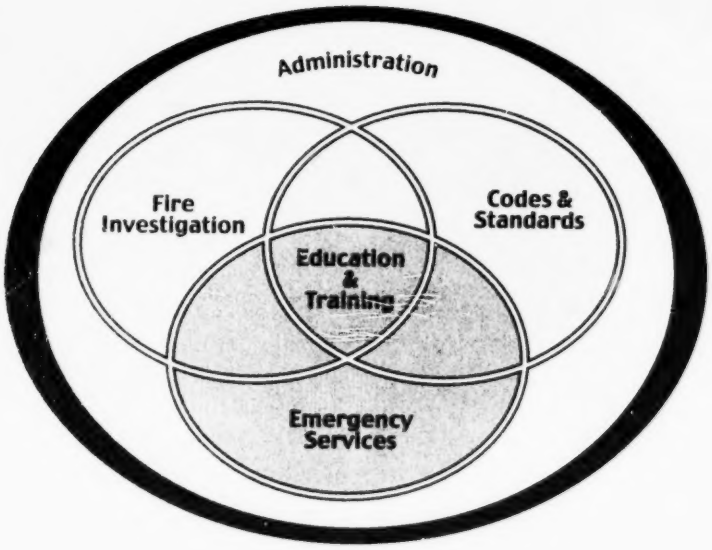
We believe in providing the best possible programs and services to our clients.

We believe in being responsible for our organization and in our organization being fair, effective and efficient.

We believe in the loyalty of our people and value their continued development.

OUR MISSION

To safeguard both persons and property from fire and life safety hazards through education, investigations, emergency response and code application.



ORGANIZATIONAL SERVICES

The Office provides a wide spectrum of mandated services and related activities. No one service area of the Office stands alone. They are all fundamentally interrelated with the Education and Training area being the unifying and defining component.

These services break down into five broad categories:

Fire Investigations

Determines the origin and cause of all fires referred to the Office.

Education and Training

Provides comprehensive emergency services training by the Emergency Services College or by our community based trainers. The Public Education unit provides services to the general public.

Emergency Services

Provides consulting services to municipal fire services and councils, response and coordination of response to emergency situations and maintenance of the province wide Mutual Aid System and fire inspection services.

Codes and Standards

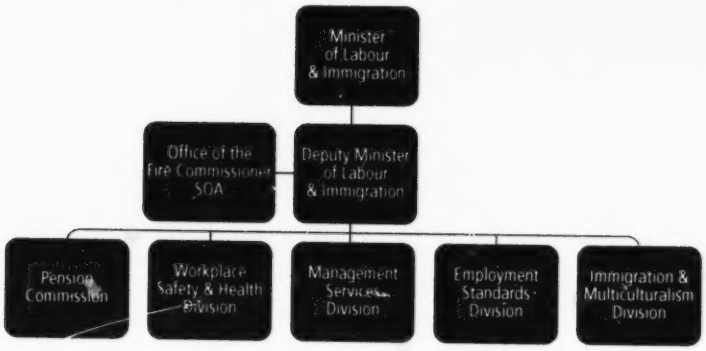
Provides building plan review, code enforcement, permits and fees, consultative services and production of the Manitoba Building, Fire and Plumbing Codes.

Administration

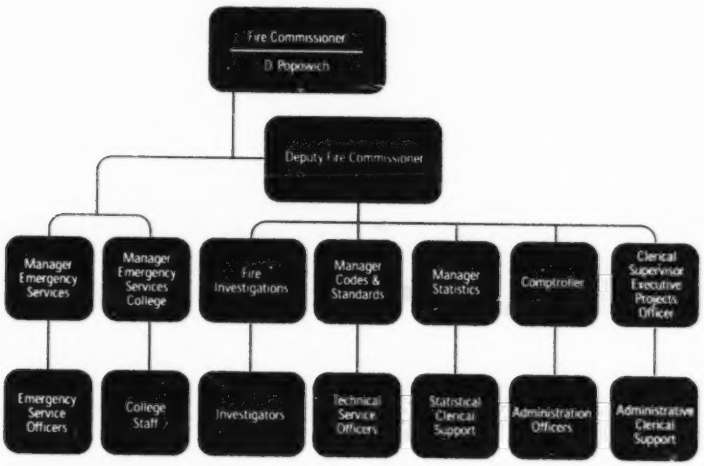
Administrative staff located in Winnipeg and Brandon provide support services which include clerical, college records management, statistical analysis, financial reporting and management direction from the Deputy Fire Commissioner.

ORGANIZATION STRUCTURE

MANITOBA LABOUR AND IMMIGRATION


Minister of Labour & Immigration
Office of the Fire Commissioner SOA
Deputy Minister of Labour & Immigration
Pension Commission
Workplace Safety & Health Division
Management Services Division
Employment Standards Division
Immigration & Multiculturalism Division

OFFICE OF THE FIRE COMMISIONER



The Office of the Fire Commissioner is an SOA (Special Operating Agency) contained within the Department of Labour and Immigration and reports directly to the Deputy Minister of Labour and Immigration.

The Office maintains a relatively flat organizational structure. All managers report to either the Fire Commissioner or the Deputy Fire Commissioner. Managers are responsible for managing all aspects of their assigned program area. The emergency services officers and technical service officers report to their respective managers who in turn coordinate the sharing of officers between programs.

2 PROVINCIAL FIRE STATISTICS

The year 2001 shows a slight decrease of 1.5% or 97 fires over those reported in 2000, while property damages increased by $4.9 million (6%). Twenty fatalities occurred, which is a decrease of eight from the previous year. Injuries stand at 210, this is an increase of six from the 204 reported last year.

Number of Fires in Manitoba:

Number of Fires per 100,000 population				
	2001	2000	1999	1998
Manitoba	383	389	480	456

Cost of Fires to Manitobans:

Property Loss per capita				
	2001	2000	1999	1998
Manitoba	63.19	61.63	63.76	56.60

Fires in Manitoba resulted in nearly $77.2 million in property damages in 2001. Twenty six major loss fires (damages $500,000 and over) accounted for nearly $28.3 million (37%) in property losses. Eight of these losses occurred in various types of barns and resulted in over $11.4 million in damages. Six other major losses were determined to be incendiary or suspicious in origin and incurred nearly $6 million in damages.

Injury Rate per 100,000 population				
	2001	2000	1999	1998
Manitoba	17.19	16.70	20.01	21.59

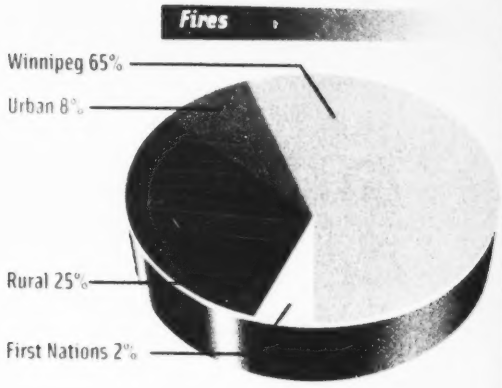
Death Rate per 100,000 population				
	2001	2000	1999	1998
Manitoba	1.63	2.29	2.62	1.66

During 2001, 20 people (14 adults and six children) perished as a result of 13 fires in the Province. Ninety percent (90%) of these fatalities occurred in the home.

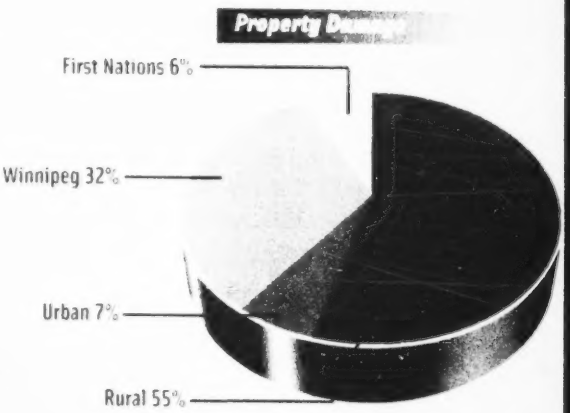
While the cost of fires in terms of injury, death and property loss is high, it must be compared to the costs saved in lives and property as a result of the efforts of the Manitoba Fire Service. During 2001, $4.3 billion in property was saved as a result of the containment and suppression of fires. In addition, the Manitoba Fire Service reported assisting in evacuation of over 5,000 individuals from fires.

Location of Fires in Manitoba:

Distribution of Fires			
	2001	2000	1999
Winnipeg	3,075	2,967	3,656
Remander of Province	1,610	1,787	2,039



The City of Winnipeg accounts for 65% of reported fires and 32% of the property damages in Manitoba. During 2001, 1,434 or 47% of Winnipeg's fires involved outdoor property, primarily rubbish and grass fires. Of these outdoor property fires 723 were intentionally set or of a suspicious nature.

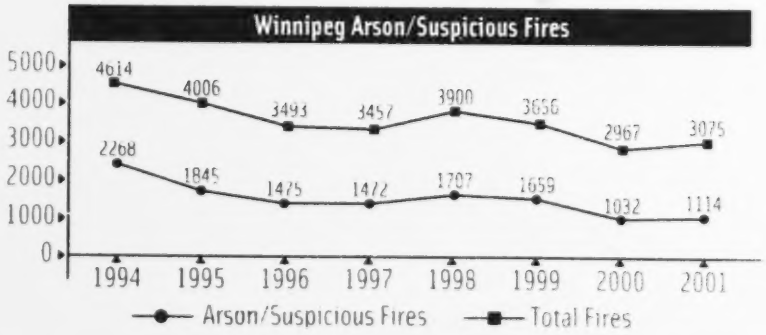


Rural Manitoba reported 25% of the fires and accounted for 55% of property damages. There are two predominate factors influencing these losses. One is increased emergency response time due to the geographic distances travelled by emergency responders. The other is the fact that farm buildings in Manitoba are not currently mandated to comply to the standards set out in the National Farm Building Code. With the increase in large farm operations, buildings are getting larger as are the subsequent losses.

During 2001 there were 1,685 fires which caused $77.2 million in damages. Outlined below are the percentages of fires and damages by four major causes: accidental, arson, suspicious, and undetermined.

Causes of Fires		
	Fires	Property Damage
Accidental	49%	50%
Arson	18%	14%
Suspicious	12%	9%
Undetermined	21%	27%

Seventy-nine percent of Manitoba's fires determined to be arson or suspicious in nature occurred within the City of Winnipeg (1,114 incidents). This is an increase of 82 (8%) over the 1,032 reported in 2000, however it is still a marked improvement (33%) over the year 1999. The Arson Strike Force and Youth Fire Stop Program remain dedicated to reducing the losses in both the City of Winnipeg and the remainder of the Province.



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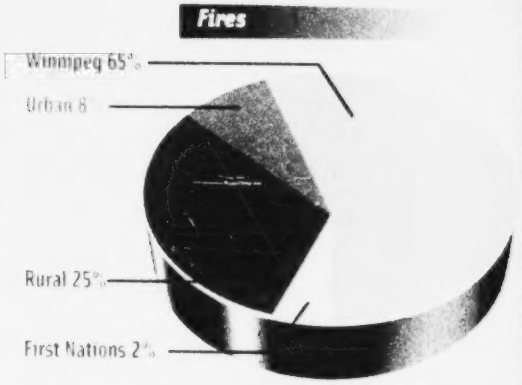

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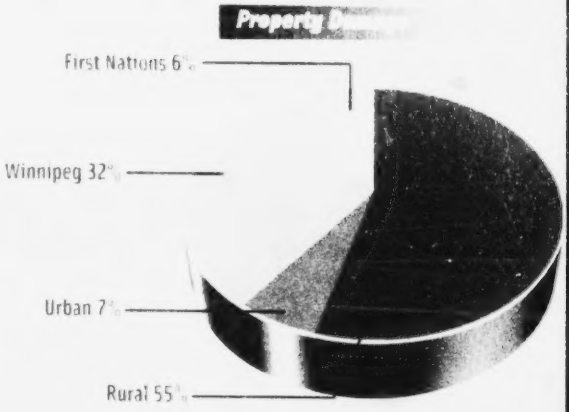

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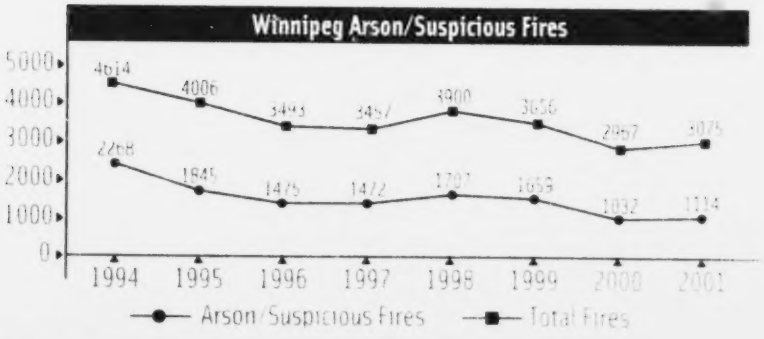

3 KEY CONTINUOUS IMPROVEMENT OBJECTIVES

3.1 *To continue to add related internationally accredited emergency service programs to the Manitoba Emergency Services College to meet the public safety needs of the citizens of Manitoba and to enhance the position of the Manitoba Emergency Services College as the primary emergency services training provider in Manitoba.*

The National Fire Protection Association (NFPA) sets standards that must be met before a course is accredited. The International Fire Service Accreditation Congress (IFSAC), based on its evaluation process, provides accreditation of courses that meet the established standards. To date 21 courses have been accredited.

This year the Office of the Fire Commissioner, Manitoba Emergency Services College partnered with Winnipeg Fire Paramedic Service to develop the Primary Care Paramedic program. The first Primary Care Paramedic Program was offered to the Public Fire Protection Program students in September, 2001. This class graduated in June, 2002.

We also partnered with Winnipeg Fire Paramedic Service to accredit the Primary Care Paramedic program and the Primary Care Paramedic Bridging program with the Canadian Medical Association (CMA). The Primary Care Paramedic Bridging program will take current Emergency Medical Technicians (EMT) in the Province to a Primary Care Paramedic level. The next year will be used to develop a network of instructors to accomplish this. We received our site visit from the Canadian Medical Association in May, 2002 and were notified in July, 2002 that we were successful in achieving accreditation.

The Office has developed an Industrial Program and we will be seeking accreditation from the International Fire Service Accreditation Congress (IFSAC). Also, due to concerns raised by teachers that there were no resources available for working with children who have attention deficit disorder or fetal alcohol syndrome and who set fires, we have developed a book. This book has generated interest from mental health workers, schools, counselors, teachers and the Fire Setters Programs in the U.S. and Canada and will be available in the winter 2002.

3.2 *To continue to examine and monitor the current Fires Prevention Fund Levy rate in relation to the cost of providing public safety services to the citizens of Manitoba.*

The Fires Prevention Act allows for a charge, not to exceed 2%, on the value of premiums and assessments in respect of property insurance. The levy was reduced gradually to the current rate of 1.25% from 2% over a period of three years. Setting the rate has been a challenge in the past as the Office could not produce the financial information required to determine the cost of providing the current level of services to Manitoba's municipalities and unincorporated districts. The decision to reduce the levy rate to 1.25% was based on inadequate information and forecasting. The positive cash position of the Fires Prevention Fund masked the fact that at a levy rate of 1.25% the Fund would become depleted. Since becoming an SOA cost cutting and revenue enhancing activities have reduced losses and resulted in a stabilization of the Fund.

It is also now clear that a rate of 1.25% will not support the current level of service, let alone the expanded services outlined in our most recent business plan. A further factor that will have a bearing on the rate is the need for emergency response training in First Nation communities. Unfortunately, the Office has not traditionally provided support to these communities. In the event that we proceed to provide these services to First Nations, increased resources will be required.

3.3 *To consolidate all provincial emergency response activities into one department to ensure there is an effective co-ordinated response to all provincial emergencies.*

An effective emergency response is a co-ordinated response. The Office of the Fire Commissioner, through Security Legislation, specifically Bill 2, will be responsible to ensure that any multi-jurisdictional, multi-agency provincial response that cannot be handled by the local authorities or the mutual aid district is handled using a bonafide Incident Command System to ensure a co-ordinated approach in the handling of the incident. The Office of the Fire Commissioner or some other agency can provide that Incident Management, so long as the Office is confident such an Incident Management System is in place.

3.4 *To continue to work with and support municipalities to develop an emergency response system appropriate to that municipality in the area of fire protection, rescue, and emergency medical response.*

The Office provides municipalities with training in comprehensive risk analysis from which they can build their own emergency response programs. The Office then assists them in developing each aspect of that program.

3.5 *To use the advanced accounting systems of the Office to determine which activities of the Office of the Fire Commissioner are truly subject to financing through the Fires Prevention Fund and which, if any, would be financed through general revenues and/or potential funding sources.*

The accounting systems of the Office have been streamlined and this work continues in order that this objective can be met. A planned upgrade to the accounting system in the 2002/2003 fiscal year will also aid in making this determination. A key position in the Finance area of the Office was subject to heavy turnover in the past year, but this position has recently been filled and this matter is no longer an issue.

3.6 *To provide provincial security services as deemed advisable by the All Party Task Force Security Committee.*

The Office is a key participant in the All Party Task Force on Security, as well as the Cabinet Sub-Committee on Security. The Office has put forward several proposals to this committee to enhance security in Manitoba, in such areas as hazardous material and urban search and rescue.

4 PERFORMANCE MEASURES

INVESTIGATIONS DEPARTMENT:

Fire investigations are conducted by either staff of municipal fire departments or the Office of the Fire Commissioner in co-operation with police authorities and the insurance industry. Clients call upon the services of our fire investigators under certain circumstances, such as fatalities, serious injuries, explosions, fires where cause can not be determined, structure fires where origin or cause can not be determined and any fire resulting in a major loss to the community.

The Office would like to see the number of investigations decline. This would reduce operating costs through the reduction in amounts of over time paid to investigators. The key to achieving this goal is to continue training municipal firefighters to carry out this role to the greatest extent possible. This would allow our investigators to deal with the more critical investigations.

The investigation work done by the Office contributes to the laying of criminal charges and conviction of criminals. No specific targets are set in these areas as the number of charges and convictions will fluctuate with the number of arson incidents. In addition decisions made and actions taken by the police and prosecutors will influence both the number of charges and convictions.

Where arson is the cause of a fire, in addition to prosecution, there can be savings to the insurance industry through reduced payouts. Investigative work also identifies how a structure performed during a fire which provides valuable evidence as to the adequacy of existing building codes. The knowledge gained is used to provide input into the standard setting process.

	2001*	2000*	1999*
• Number of Investigations conducted	451	432	425
• Percentage of fires for which a cause was determined	81%	80%	80%
• Average cost per investigation	$1,252	$1,232	$1,220

*Calendar year.

MANITOBA EMERGENCY SERVICES COLLEGE:

The College provides training in a variety of program areas including Fire Fighting Practices, Fire Service Instructor, Public Safety, Rescue, Hazardous Materials, Driver Operator, Institutional Fire Protection, Fire Officer, Fire Investigation Program, Building Standards and Fire Prevention.

The large number of graduates from a variety of College courses help ensure that the Province maintains a network of trained emergency response personnel available to serve the public. In addition to providing free training to our traditional Manitoba client, the College has been seeking new fee paying clients.

	2002
• Number of traditional Manitoba Fire Service clients pursuing ongoing training	1,871
• Number of fire and police personnel pursuing investigation training	131
• Number of other client groups pursuing ongoing training	35
• Number of active Emergency Service instructors attending continuing education	62

EMERGENCY SERVICES:

The fire service in North America has traditionally been re-active. That is to say that it responds to emergency situations as they arise with less emphasis on prevention.

The Office wants to help ensure that the Manitoba Fire Service places an emphasis on prevention and education in an effort to minimize the number of life and property threatening incidents that occur.

To this end the Office has developed a Five Step Action Plan for the municipal fire service. The Office will work with Manitoba fire departments to help implement the program.

Percent of Departments with a:	2002	2001	2000
• public education program	89%	79%	81%
• fire prevention program	48%*	48%	52%
• written incident management system	39%	39%	39%
• standard operating guidelines	42%**	53%	54%
• training plan	77%	77%	78%

* Liability issues have caused a concern in relation to inspections performed by Fire Departments, dropping the participation level.

** Clarification on what constitutes Standard Operating Guidelines has resulted in a decrease in the number of Fire Departments having their own guidelines. Currently 3 departments (an additional 1%) are working on this initiative.

Results may fluctuate as a result of Fire Departments who are reviewing current systems.

	2002	2001
• Number of emergency responses	18	18

CODES AND STANDARDS

The Codes & Standards department plays an important role in public safety. By reviewing building plans, inspecting buildings and providing consultative services to the public, the staff help ensure that buildings meet national building codes and do not present a serious threat to public safety. The goal of this section is to reduce injuries, deaths and property losses arising from substandard construction. Unfortunately we can not readily quantify these public benefits.

	2002	2001
• Number of inspections	3,090	3,265

• Percentage of municipalities who have taken over administration and enforcement of the Manitoba Building Code:

	2002	2001	2000
Part 3	13%	13%	13%
Part 9	100%	100%	100%

• Percentage of municipalities with by-laws in place for:

	2002	2001	2000
Part 3	13%	13%	13%
Part 9	89%	89%	89%

• Percentage of municipalities with trained qualified officers that work for Planning District:

	2002	2001	2000
Part 3	50%	50%	1%
Part 9	80%	80%	75%

4 PERFORMANCE MEASURES

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The investigators attend to provide the staff of municipal fire departments in the province of Manitoba with assistance in investigation with police authorities and the insurance industry. Clients call upon the services of our fire investigators under certain circumstances such as fatalities, serious injuries, explosions, fires where cause can not be determined, structure fires where origin of cause can not be determined and any fire resulting in major loss to the community.

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	2001*	2000*	1999*
• Number of Investigations conducted	451	432	425
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• Average cost per investigation	$1,252	$1,232	$1,220

*Calendar year

Where arson is the cause of a fire, in addition to prosecution, there can be savings to the insurance industry through reduced payouts. Investigative work also identifies how a structure performed during a fire which provides valuable evidence as to the adequacy of existing building codes. The knowledge gained is used to provide input into the standard setting process.

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• Percentage of municipalities with by-laws in place for:

	2002	2001	2000
Part 3	13%	13%	13%
Part 9	89%	89%	89%

• Percentage of municipalities with trained qualified officers that work for Planning District:

	2002	2001	2000
Part 3	50%	50%	75%
Part 9	80%	80%	75%

FINANCIAL DISCUSSION AND ANALYSIS

REVENUES

Levy – [illegible] Last year's levy was increased by five per cent for [illegible] fiscal year, after remaining [illegible] years. As this is an [illegible] revenue for the Office, it is important that growth continue [illegible] the current inflation.

Permits – Permit revenue is $1,427,343 [illegible] above last year's level and [illegible] per cent under budget. Revenue from this source is economically [illegible] and from the base significantly [illegible] fiscal year to fiscal year. Budgeted permit revenues of $1,295,000 were [illegible] optimistic.

Tuition and Contract Revenues – Tuition and contract revenue increased $1,290,114 or 64 per cent over the previous fiscal year. The growth primarily reflects increased revenues from pre-employment training, the Manitoba Fire Service continues to recover training at no charge.

Interest – Interest revenue represents interest earned on investments held in the Fire Prevention Fund. Interest revenue is down $87,169 or 42 per cent from last fiscal year due to a reduction in interest rates paid on investments this fiscal year. This also accounts for interest revenue being $90,770 or 50 per cent below the budgeted amount.

Inspections – Inspection revenue primarily relates to the provision of inspections to Parks Canada. Revenue from inspections has increased $13,537 from last fiscal year. In the 2000/2001 fiscal year, the Office forgave $150,000 of the contractual obligation for the [illegible] of Family Services and Housing.

Water Bomber Recovery – An amount of $500,000 for water bomber recovery was budgeted for the 2001/2002 fiscal year. As there were no incidents requiring water bomber response during the fiscal year, no recovery was necessary.

Summary – Overall, Office revenues have increased by $165,777 (three per cent) over the last fiscal year, but were under budget by $521,423 (eight per cent). Excluding the budgeted amount for water bomber recovery of $500,000, revenues were under budget by $21,423 (seven per cent). The main reason for this is the unduly optimistic forecast for permit revenue.

EXPENDITURES

Salaries & Benefits – Salaries and benefit costs have increased $113,126 (four per cent) over the last fiscal year due to the general salary increase and increased pension costs. Salaries and benefits are $67,000 (1 per cent) under budget due to budgeted positions that to date remain vacant.

Vehicle Lease – Vehicle lease costs have risen $47,130 (17 per cent) over last fiscal year and are $13,035 (4 per cent) over budget. One additional vehicle was leased and older vehicles were replaced with newer models, resulting in higher lease costs for fiscal 2001/2002.

Repair and Maintenance – Repair and maintenance costs rose $107,300 (46 per cent) from last fiscal year and are $162,135 (165 per cent) over budget largely as a result of repairs done at the practical training site and the Manitoba Emergency Services College in Brandon. Also, the doubling of pre-employment classes has led to increased maintenance costs for the college equipment.

Mutual Aid – The mutual aid line item represents incentive grants given to mutual aid districts to encourage the delivery of training programs in their districts with their own personnel. Certain criteria must be met before a grant will be issued. This amount is $35,170 (31 per cent) above last year's level as more districts have applied and received mutual aid grants, but is under budget by $42,830 (21 per cent) because all mutual aid districts did not apply for or receive this type of funding from the Office.

Marketing – Marketing costs are $25,736 (52 per cent) below last fiscal year actuals, and are $90,000 (78 per cent) under budget. The Office has moved away from using external consultants to market its revenue generating activities, to utilizing internal staff who have direct contact with our desired marketplace.

Insurance – Insurance costs have increased $46,170 (27 per cent) over the last fiscal period due to a general increase in vehicle insurance, as well as the increase in costs associated with insuring the newer vehicles leased from Fleet Agencies. This also accounts for this cost being $20,622 (36 per cent) over budget.

Search and Rescue – The search and rescue line item captures the cost associated with six search and rescue incidents, as well as a search and rescue winter survival course that took place during the fiscal year. Comparative numbers for last fiscal year were not available. Costs are $4,000 (80 per cent) under budget, as these types of incidents cannot be predicted and are difficult to budget.

Water Bombing – An amount of $500,000 for water bomber costs was budgeted for the 2001/2002 fiscal year. As there were no incidents requiring water bomber response during the fiscal year, no costs were incurred.

Summary – Overall, expenditures have increased $436,117 (six per cent) over last fiscal year due mainly to increases in salaries and benefits, vehicle lease, mutual aid, and insurance costs. Expenditures were $679,130 (10 per cent) under budget due mainly to salaries and benefits costs being under budget. The Office incurred a loss of $293,111 in fiscal 2001/2002 versus a loss of $112,751 in fiscal 2000/2001.

Management's Report

For the year ended March 31, 2002.

The accompanying financial statements of the Office of the Fire Commissioner are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In the management's opinion, the financial statements have been properly prepared within the reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to May 31, 2002.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Office of the Fire Commissioner are properly safeguarded.

The responsibility of the auditor is to express an opinion of whether the financial statements of the Office of the Fire Commissioner are fairly presented in accordance with Canadian generally accepted accounting principles. The auditor's report outlines the scope of the audit examination and provides the audit opinion.

On behalf of management,

Douglas Popowich
Fire Commissioner

Brian A. Hodge, CGA
Comptroller

BDO

BDO Dunwoody LLP

Auditors' Report

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of the **Office of the Fire Commissioner** as at March 31, 2002 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 31, 2002

OFFICE OF THE FIRE COMMISSIONER - An Agency Of The
Special Operating Agencies Financing Authority
Balance Sheet

March 31		2002		2001
		(000's)		
Assets				
Current Assets				
Cash	$	2,341	$	87
Short-term investments (Note 3)		2,390		5,368
Accounts receivable (Note 4)		971		860
Accrued interest		1		8
Inventory		30		35
Prepaid expenses		23		29
		5,756		6,387
Capital assets (Note 6)		5,554		5,840
	$	11,310	$	12,227
Liabilities and Equity				
Current Liabilities				
Accounts payable	$	92	$	706
Accrued liabilities		451		458
Deferred revenue		133		135
		676		1,299
Severance (Note 7)		358		359
		1,034		1,658
Equity				
Retained earnings		10,276		10,569
	$	11,310	$	12,227

Approved on behalf of the Special Operating Agency Advisory Board

Chairperson

Fire Commissioner

The accompanying notes are an integral part of these financial statements.

OFFICE OF THE FIRE COMMISSIONER - An Agency Of The Special Operating Agencies Financing Authority
Statement of Operations and Retained Earnings

For the year ended March 31

(000's)

	2002 Actual	2001 Actual	Variance	Budget	Budget Variance
Revenue					
Levy	$ 3,479	$ 3,282	$ 197	$ 3,287	$ 192
Permits, Plan Review & Per Capita	807	944	(137)	1,295	(488)
Tuition & Contract Revenue	1,120	941	179	1,202	(82)
Interest	136	234	(98)	227	(91)
Inspections	7	(7)	14	-	7
Emergency Services Conference	83	82	1	86	(3)
Book Sales	21	6	15	2	19
Rent	1	2	(1)	4	(3)
Water Bomber Recovery	-	-	-	100	(100)
Other Revenue	39	43	(4)	12	27
	5,693	5,527	166	6,215	(522)
Expenses					
Salaries and Benefits	2,939	2,823	116	3,614	(675)
Amortization	423	449	(26)	449	(26)
Vehicle Lease	313	268	45	270	43
Travel	308	289	19	325	(17)
Repairs and Maintenance	261	156	105	98	163
Phone	151	147	4	145	6
Mutual Aid	163	125	38	206	(43)
Rent	166	166	-	152	14
Desktop Management	213	212	1	192	21
Grant in Lieu of Taxes	107	111	(4)	110	(3)
Labour Services	81	81	-	73	8
Supplies	235	226	9	231	4
Public Education Material	58	54	4	65	(7)
Marketing	24	50	(26)	34	(10)
Utilities	63	60	3	59	4
Insurance	78	62	16	58	20
Professional services	218	211	7	181	37
Postal & Courier	38	44	(6)	41	(3)
Professional Development	6	11	(5)	20	(14)
Land Lease	10	10	-	10	-
Publications	16	13	3	29	(13)
Buildings Standards Board	3	1	2	1	2
S O A Board	2	1	1	4	(2)
Books	21	2	19	-	21
Search and Rescue	20	-	20	101	(81)
Water Bombing	-	-	-	100	(100)
Other	69	68	1	77	(8)
	5,986	5,640	346	6,645	(659)
Net income (loss) for the year	(293)	(113)	(180)	(430)	137
Retained earnings, beginning of year	10,569	10,682			
Retained earnings, end of year	$ 10,276	$ 10,569			

The accompanying notes are an integral part of these financial statements

OFFICE OF THE FIRE COMMISSIONER - An Agency Of The Special Operating Agencies Financing Authority
Statement of Cash Flows

For the year ended March 31	2002	2001
	(000's)	
Cash Flows from Operating Activities		
Net income (loss) for the year	$ (293)	$ (113)
Items not involving cash		
Amortization of capital assets	423	449
Pension and severance expense	-	159
	130	595
Net change in non-cash working capital balances	(717)	1,303
	(587)	1,898
Cash Flows from Investing Activities		
Purchase of capital assets	(137)	(205)
Transfer to pension fund	-	(188)
Revenue sharing	-	(300)
	(137)	(693)
Increase (decrease) in cash and cash equivalents during the year	(724)	1,145
Cash and cash equivalents, beginning of year	5,455	4,310
Cash and cash equivalents, end of year	$ 4,731	$ 5,455
Represented by:		
Cash and bank	$ 2,341	$ 87
Short-term investments	2,390	5,368
	$ 4,731	$ 5,455

The accompanying notes are an integral part of these financial statements

OFFICE OF THE FIRE COMMISSIONER

An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
NOTES TO FINANCIAL STATEMENTS

March 31, 2002

(000's)

1. NATURE OF THE OFFICE OF THE FIRE COMMISSIONER

Effective April 1, 1996, the Office of the Fire Commissioner was designated as a Special Operating Agency (SOA) under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 1996, a Transfer Agreement executed between the Government of Manitoba (Labour) and the Financing Authority, a corporation under The Special Operating Agencies Financing Authority (SOAFA) Act, transferred all assets in the Fires Prevention Fund valued at $11,809 to the Financing Authority.

A Management Agreement executed between the Financing Authority and the Government of Manitoba (Labour) assigned responsibility to the Office of the Fire Commissioner to manage and account for the related assets and operations on behalf of the Financing Authority. The Office itself does not hold title to any assets. Effective April 1, 1996, the Financing Authority established a fund account referred to as the Fires Prevention Fund to hold these assets.

The Office of the Fire Commissioner will continue to be part of the Department of Labour and ultimately under the policy direction of the Minister of Labour.

The Office of the Fire Commissioner will remain bound by relevant legislation and regulations. It will also remain bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Office of the Fire Commissioner is economically dependent on the Province of Manitoba, as it derives most of its revenues from the Fires Prevention Levy.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are presented in accordance with generally accepted accounting principles.

b) Financial Instruments

The Agency's financial instruments consist of cash, accounts receivable, investments and accounts payable. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Accounting estimates and assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

d) Inventory

Inventory is valued at cost.

e) Capital assets

Buildings, fire engines, other vehicles and air compressors transferred to the SOAFA from the Government of Manitoba on April 1, 1996 were valued at the lower of their amortized cost or estimated market value. All other assets transferred from the Government of Manitoba on April 1, 1996 were valued at their market value.

The Office provides for amortization of its capital assets on the following basis:

Buildings	40 years straight line
Practical training site	20 years straight line
Equipment	20% declining balance
Fire engines	30% declining balance
Other vehicles	30% declining balance
Air compressors	20% declining balance
Furniture	20% declining balance
Computer equipment and software	5 years straight line

The half-rate rule is applied to computer equipment and software additions during the year.

f) Revenue recognition

The Fires Prevention Act imposes a special assessment on licensed insurers equal to a set percentage of total property insurance premiums.

The Office of the Fire Commissioner collects this levy based on the value of premiums and assessments in respect to property insurance in a calendar year. Levy revenue with respect to the 2001 calendar year will be recognized as revenue in the fiscal year ending March 31, 2002. The levy rate is set at 1.25%.

All other revenue is recognized when earned.

3. INVESTMENTS

The Investment Balance represents funds on deposit with the Department of Finance of the Province of Manitoba with maturities of less than one (1) year. Investments on deposit with maturities greater than one (1) year are classified as long term.

4. ACCOUNTS RECEIVABLE

Accounts receivable includes $559 due from the Province of Manitoba, which represents $248 in estimated unpaid vacation pay and overtime as at March 31, 1996, $282 representing the estimated liability for severance pay (see note 7) as at April 1, 1998, $29 as at March 31, 2000 representing severance plan amendment costs net of an actuarial valuation gain (see note 7). The timing of the collection of these receivables will vary for each SOA. The receivable, or portion thereof, for the Office of the Fire Commissioner will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

The accounts receivable balance is made up of the following:

	2002	2001
Insurance Branch of Department of Consumer & Corporate Affairs	$ 400	$ 280
Province of Manitoba	559	559
Other	12	21
	$ 971	$ 860

5. PENSION ASSETS

As of March 31, 2001, the Province assumed responsibility for administering the SOA's pension liabilities (see Note 8)

6. CAPITAL ASSETS

	Opening Balance	Additions	Disposals	Closing Balance
Buildings	$ 4,043	$ -	$ -	$ 4,043
Training site	1,887	14	-	1,901
Equipment	932	119	-	1,051
Fire engines	459	-	-	459
Other vehicles	204	-	-	204
Air compressors	179	-	-	179
Furniture	70	-	-	70
Computers	118	4	-	122
Total cost	$ 7,892	$ 137	$ -	$ 8,029

	Opening Accumulated Amortization	Disposition	Current Year's Amortization	Accumulated Amortization
Building	$ 591	$ -	$ 120	711
Training site	285	-	95	380
Equipment	512	-	106	618
Fire Engines	298	-	48	346
Other vehicles	163	-	12	175
Air compressors	109	-	14	123
Furniture	46	-	4	50
Computers	48	-	24	72
Total amortization	$ 2,052	$ -	$ 423	$ 2,475
Net capital assets	$ 5,840			$ 5,554

7. SEVERANCE LIABILITY

Effective April 1, 1998, The Office of the Fire Commissioner began recording accumulated severance pay benefits for its employees. The estimate of the liability was based on the method of calculation set by the Province.

The Province has accepted responsibility for the severance benefits accumulated by The Office of the Fire Commissioner's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 of $282 was completely offset by a receivable from the Province. The receivable from the Province, or portion thereof, for the Office of the Fire Commissioner will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

7. SEVERANCE LIABILITY (continued)

An actuarial valuation report of the Agency's severance as at March 31, 2000 was completed. The liability as at March 31, 2000 was restated to $340 and the receivable from the Province was restated to $311 as a result of the actuarial valuation. There was no effect on the severance benefit expense for the year ended March 31, 2000. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarial liability has been calculated to be $358 as at March 31, 2002.

8. EMPLOYEE PENSION LIABILITY

Employees of the Office of the Fire Commissioner are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act, administered by the Civil Service Superannuation Board (CSSB).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees, subject to the following conditions.

During the 2002 fiscal year, in accordance with the terms of the agreement, the Agency transferred to the Province funds equal to the net assets required to discharge its pension obligation as at March 31, 2001. Commencing April 1, 2001, the Agency is also required to pay to the Province an amount equal to its employees' current pension contributions.

Hence, as at March 31, 2002, the Agency has discharged its pension obligations and has no outstanding liability.

9. CONTRIBUTED CAPITAL

In consideration of the transfer of said assets effective April 1, 1996, the SOAFA shall:

a) not incur or repay to the Government of Manitoba any debt relative to the assets as described in the balance sheet prepared as of March 31, 1996 and verified by the Department of Finance; and

b) record the balance of $11,038 (being the balance of the net assets as described in the balance sheet prepared as of March 31, 1996 and verified by the Department of Finance) as Manitoba's equity in the Financing Authority as related to the Agency's operations.

Due to a change in accounting policy, buildings are being amortized over 40 years as opposed to 30 years. This has resulted in a revaluation of buildings as at April 1, 1996. The value of buildings and contributed equity has increased $241 as at April 1, 1996 to $11,279.

10. COMMITMENTS AND CONTINGENCIES

The Office of the Fire Commissioner as tenant has entered into a Lease Agreement with the City of Brandon as Landlord for the land upon which the practical training facility has been constructed. The term of the Lease is five (5) years commencing June 11, 1997 and expiring May 31, 2002, with four (4) five-year renewal options. Minimum annual rent is $10 due in equal monthly instalments, plus all operating costs with respect to the subject land.

The Office of the Fire Commissioner has entered into 29 vehicle lease agreements and 4 equipment lease agreements which give rise to commitments as follows:

	March 31
2003	$ 194
2004	122
2005	63
2006	42
	$ 421

At the end of each lease, the Agency is obligated to pay any shortfall between the net proceeds on vehicle disposition and the agreed residual value.

Subsequent to year end, a statement of claim has been issued against the Office of the Fire Commissioner for damages as a result of unsuitable roofing materials. In the opinion of management, the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

11. PUBLIC SECTOR COMPENSATION

Pursuant to disclosure required by The Public Sector Compensation Disclosure Act, no remuneration was paid to the Advisory Board members. During the fiscal year ended March 31, 2002, the following employees received compensation of wages and taxable benefits of $50 or more:

Name	Position	2002	2001
D.M. Popowich	Fire Commissioner	$ 81	$ 79
D.B. Monkman	Fire Investigator	73	62
C.R. Sanderson	Deputy Fire Commissioner	72	68
K. Swan	Fire Investigator	67	60
A. J. Campbell	Manager, Codes & Standards	64	57
R.D. Gillis	Fire Investigator	64	62
R. Pearson	Emergency Services Officer	63	51
C. Hogarth	Fire Investigator	63	60
G. Kurdydyk	Fire Investigator	60	62
R.C. Denslow	Emergency Services Officer	60	51
M.C. Bedford	Emergency Services Officer	58	55
B.D. Bryan	Medical Services Officer	57	58

11. PUBLIC SECTOR COMPENSATION (continued)

Name	Position	2002	2001
K. Bong Hwan	Analyst	$ 56	$ -
L. Treloar	Fire & Building Standards Officer	55	52
B.J. Metruk	Fire & Building Standards Officer	54	51
D.R. Beacham	Fire & Building Standards Officer	53	52
K. Carmichael	Emergency Services Officer	53	51
T.J. Jennings	Fire & Building Standards Officer	52	51
J.P. Lebel	Manager, Emergency Services	52	52
B.E. Hollier	Executive Projects Manager	52	-
S. Hall	Fire & Building Standards Officer	52	50
K.D. Hykawy	Fire & Building Standards Officer	52	51
T. Grimshaw	Fire & Building Standards Officer	52	-
A.D. Gray	Emergency Services Officer	52	-
R. Harvey	Emergency Services Officer	52	51
B.D. Popko	Manager, MESC	51	51
E. Moore	Emergency Services Officer	50	-
K.J. Nero	Comptroller	-	63